

ELLIS : LAWHORNE

John F. Beach
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March 8, 2005

VIA ELECTRONIC AND HAND-DELIVERY

The Honorable Charles L.A. Terreni
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company Annual Review of Base Rates for
Fuel Costs
Docket No. 2005-2-E, Our File No. 925-10289

Dear Charles:

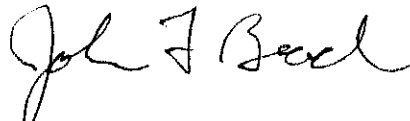
Enclosed is the original and ten (10) copies of **SMI's First Set of Data Requests to South Carolina Electric & Gas** for filing on behalf of SMI Steel-South Carolina in the above-referenced docket. By copy of this letter, I am serving all parties of record and enclose my certificate of service to that effect.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

With kind regards, I am

Very truly yours,



John F. Beach

JB/cr

cc: Damon Xenopoulos, Esquire
all parties of record

Enclosures

FA:\PPS\OFFICE\WPWIN\WPDOCS\SCPCA\Horry Telephone\walsh.petition.wpd

**BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

In the Matter of)
– **South Carolina Electric & Gas**) **Docket No. 2005-2-E**
Company Annual Review of Base Rates)
for Fuel Costs

**SMI'S FIRST SET OF DATA REQUESTS
TO SOUTH CAROLINA ELECTRIC & GAS**

Pursuant to 26 S.C. Code Ann. Reg. 103-854, as amended, of the Public Service Commission of South Carolina's Rules of Practice and Procedure, and Rule 34 of the South Carolina Rules of Civil Procedure, SMI-South Carolina ("SMI") hereby propounds the following data requests to South Carolina Electric & Gas Company ("SCE&G") and requires that the documents be produced as set forth herein within ten (10) days.

INSTRUCTIONS

1. In answering each Request, please state the text of the Request prior to providing the response. Each Request and applicable response should be on a separate page. Where there are subparts to a Request, each subpart and applicable response should be on a separate page. Each Request is continuing in nature. Thus, if SCE&G acquires or discovers additional or different information with respect to a Request after the Request has been initially answered, SCE&G is required to supplement its response immediately following the receipt of such additional or different information, giving the additional or different information to the same extent as originally requested. SCE&G may not postpone serving such responsive supplemental information until after the filing of any testimony or supporting documents in this proceeding. Initial and supplementary responses shall be full, complete and accurate since they will be relied upon by SMI for the purposes of this proceeding. For each Request, list all assumptions made by SCE&G in answering said Request.
2. In the event that SCE&G asserts that any of the information requested is deemed by it to be privileged or proprietary, then SCE&G in its written response should identify any such data, and any supporting documents, by date and general content. SCE&G should also identify all persons who participated in the preparation of the document and all persons, inside or outside SCE&G, who received a copy, read or examined any such document. In addition, SCE&G should indicate its claim of privilege with particularity and describe the grounds upon which privilege is claimed. State the present location of the document and all copies thereof and identify each person having custody or control of the document and said copies.
3. To the extent that SCE&G asserts that any requested information is not relevant or not material to any issue in the above-captioned matter, SCE&G, in its written response hereto, should indicate a specific basis for said assertion in the context of any issues arising in this proceeding.

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SMI'S FIRST SET OF DATA REQUESTS

4. In the event SCE&G asserts that any requested information is not available in the form requested, SCE&G, in its written response thereto, should disclose the following:
 - (a) the form in which the requested data currently exists (identifying documents by title);
 - (b) whether it is possible under any circumstances for SCE&G to provide the data in the form requested;
 - (c) the procedures or calculation necessary to provide the data in the form requested;
 - (d) the length of time (in hours or days) necessary for SCE&G to prepare the data in the form requested; and
 - (e) the earliest dates, time period, and location that representatives of SMI may inspect SCE&G's files, records or documents in which the requested information currently exists.
5. The Requests contained herein contemplate that individual copies of all documentary material requested will be provided to SMI as is the usual custom in regulatory proceedings. In the event that SCE&G asserts that any requested documents are too voluminous, or, for some other reason, that copies cannot be provided, SCE&G is requested to make this documentary material available for inspection as of the date of the required written responses at the offices of Ellis, Lawhorn & Sims, P.A., 1501 Main Street, 5th Floor, Columbia, SC 29201, or at such other time and place as may be mutually agreed upon among counsel for the parties. Selective copying shall also be provided by SCE&G pursuant to SMI's designation at that time.
6. In providing documents, SCE&G is requested to furnish all documents or items in its physical possession or custody, as well as those materials under the physical possession, custody or control of any other person acting or purporting to act on behalf of SCE&G or any of SCE&G's employees or representatives, whether as an agent, independent contractor, attorney, consultant, witness, or otherwise. If documents responsive to a request existed at one time but have been discarded, lost or destroyed, please describe by category such documents, state the identity of the person having knowledge of the circumstances of their discard, loss or destruction, and state the date on which such documents were discarded, lost or destroyed.
7. To the extent any requested document cannot be provided in full, it shall be provided to the extent possible, with an indication of what document or portion of what document is being withheld and the reasons for withholding said document.
8. Documents are to be produced as they are kept in the usual course of business. To the extent that they are attached to each other, documents should not be separated.

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9. Documents not otherwise responsive to this Request shall be provided if such documents are attached to documents responsive to this Request, and constitute routing slips, transmittal memoranda, letters, comments, evaluations, or similar materials.
10. For each Request answered, provide the name of the person or persons answering, the title of such persons and the name of the witness or witnesses who will be prepared to testify concerning the matters contained in each response or document provided. SCE&G shall provide all responses under oath.
11. Unless otherwise indicated, the following Requests shall require you to furnish information and tangible materials pertaining to, in existence, or in effect for the whole or any part of the period from January 1, 2001, through and including the date of your response.
12. Where these Requests seek quantitative or computational information (*e.g.*, models, analyses, databases, formulas) stored by SCE&G or its consultants in machine-readable form, in addition to providing hard copy, SCE&G is requested to furnish such machine-readable information on CD-ROM for IBM compatible PC for large files, as:
 - (i) Excel files; or
 - (ii) other IBM PC compatible worksheet or database files.
13. Responses to any of these Requests may include incorporation by reference to responses to other Requests only under the following circumstances:
 - (a) the reference is explicit and complies with the instructions; and
 - (b) unless the entirety of the referenced response is to be incorporated, the specific information or documents of the referenced response shall be expressly identified.
14. SMI requests that SCE&G send by overnight delivery service (such as Federal Express or a comparable service) one copy of its responses to this Request to the following:

Damon E. Xenopoulos
Brickfield, Burchette, Ritts & Stone, P.C.,
1025 Thomas Jefferson Street, NW
Eighth Floor-West Tower
Washington, DC 20007

John Beach, Esq.
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
Columbia, SC 29201

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Responsive information and documents should be provided as they become available and should not be withheld until a complete response to all of SMI's requests is available.

DEFINITIONS

1. "SCE&G" refers to South Carolina Electric & Gas, its parent(s), subsidiaries, affiliates, predecessors, successors, officers, directors, agents, employees, and other persons acting in its behalf.
2. "PSC" means the South Carolina Public Service Commission.
3. "SMI" means SMI-South Carolina.
4. "Identify" means as follows:
 - (a) when used in reference to an individual, to state his full name and present or last known residence address and telephone number, his present or last known position and business affiliation, and his position and business affiliation at the time in question;
 - (b) when used in reference to a commercial or governmental entity, to state its full name, type of entity (*e.g.*, corporation, partnership, single proprietorship), and its present or last known address;
 - (c) when used in reference to a document, to state the date, author, title, type of document (*e.g.*, letter, memorandum, photograph, tape recording, etc.) and its present or last known location and custodian;
 - (d) when used in reference to a communication, to state the type of communication (*i.e.*, letter, personal conversation, etc.), the date thereof, and the parties thereto and, in the case of a conversation, to state the substance, place, and approximate time thereof, and identity of other persons in the presence of each party thereto; and
 - (e) when used in reference to an act, to state the substance of the act, the date, time, and place of performance, and the identity of the actor and all other persons present.
5. The term "document" as used in the Requests contained herein is used in its customary broad sense, and includes, without limitation, any kind of printed, recorded, written, graphic, or photographic matter and things similar to any of the foregoing, regardless of their author or origin. The term specifically includes reports, studies, statistics, projections, forecasts, decisions and orders, e-mail communications, intra-office and inter-office communications, correspondence, memoranda, financial data, summaries or records of conversations or interviews, statements, returns, diaries, workpapers, graphs, sketches, computer printouts, summaries or reports of investigations or negotiations, opinions or reports of consultants, photographs, brochures, bulletins, pamphlets, books, articles, advertisements, circulars, press releases, graphic records or representations or

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publications of any kind (including microfilm, videotape and records, however produced or reproduced), electronic, mechanical and electrical records of any kind (including, without limitation, tapes, tape cassettes, disks and records), other data compilations (including, without limitation, input/output files, source codes, object codes, program documentation, computer programs, computer printouts, cards, tapes, disks and recordings used in automated data processing together with the programming instructions and other material necessary to translate, understand or use the same), all drafts, prints, issues, alterations, modifications, changes and amendments to the foregoing, and all other documents or tangible things of whatever description that constitute or contain information within the scope of a Request that are in the possession of SCE&G. A Request seeking the identification or production of documents addressing, relating or referring to, or discussing a specified matter encompasses documents having a factual, contextual, or logical nexus to the matter, as well as documents making explicit or implicit reference thereto in the body of the documents. Originals and duplicates of the same document need not be separately identified or provided; however, drafts of a document or documents differing from one another by initials, interlineations, notations, erasures, file stamps, and the like shall be deemed to be distinct documents requiring separate identification or production.

6. "Communication" shall mean any transmission of information by oral, graphic, written, pictorial, or otherwise perceptible means, including, but not limited to, telephone conversations, letters, telegrams, e-mail and personal conversations. A Request seeking the identity of a communication addressing, relating or referring to, or discussing a specified matter encompasses documents having factual, contextual, or logical nexus to the matter, as well as communications in which explicit or implicit reference is made to the matter in the course of the communication.
7. The "substance" of a communication or act includes the essence, purport or meaning of the same, as well as the exact words or actions involved.
8. Words expressing the singular number shall also be deemed to express the plural number; those expressing the masculine gender shall also be deemed to express the feminine and neuter genders; those expressing the past tense shall also be deemed to express the present tense; and vice versa.
9. The unqualified terms "or" and "and" shall be construed either conjunctively or disjunctively to bring within the scope of these Requests any matters that might otherwise be construed to be outside their scope.
10. The unqualified term "person" shall mean an individual, corporation, partnership, unincorporated association or other business or governmental entity.
11. The term "e.g." or "for example" indicates illustration by example, not limitation.

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QUESTIONS

- SMI-1-1. Regarding Exhibit GH-1, provide the forecast cost of coal purchased for steam plants in \$/MMBTU delivered to plants in each month for the period February 2005 through April 2006.
- SMI-1-2. Referring to Exhibit GH-1, explain in detail the reason(s) for any significant increases (greater than 5%) over the actual coal costs for the prior year, on a monthly basis.
- SMI-1-3. Referring to Exhibit GH-1: (a) explain in detail the reason for the large increase in coal costs in January 2005 compared to the other months shown on this exhibit; and (b) explain the reason for and cost impact of the significant amounts of import coal received in January 2005.
- SMI-1-4. Regarding the forecast 2005 and 2006 Total Cost of Fossil Fuel Burned in each month shown in Exhibits JRH-1 and JRH-2: (a) provide the calculations used in arriving at these forecasts, (b) provide related documents, and (c) list generation by fuel type, cost of fuel and average heat rate.
- SMI-1-5. Explain in detail, with calculations, the large increases (i.e., increases of greater than 5%) in Total Cost of Fossil Fuel Burned from actual 2004 to forecast 2005. (For example, per Exhibit JRH-1, the Total Cost of Fossil Fuel Burned in July 2004 was \$39,824,647 but the forecast Total Cost of Fossil Fuel Burned in July 2005 shown on Exhibit JRH-2 is \$52,584,000, an increase of 32% (for a time when Total System Sales Excluding Intersystem Sales increased by only 1%)). What accounts for these large increases? How were they calculated?
- SMI-1-6. For each month in the actual and forecast periods shown in Exhibits JRH-1 and 2, provide the following:
1. The amount and cost of coal purchased and burned (or forecast to be purchased and burned) in each month: (a) under long term contracts, (b) under the variable quantity portions of the long-term contracts and (c) on the spot market;
 2. A list of the long term contracts and their associated key terms used to purchase, or forecast to be used to purchase, coal, including but not limited to: (a) the name(s) of the supplier(s), (b) the date of each contract, (c) the term of each contract including the starting and ending dates for delivery under each contract, (d) any renewal or extension terms in the contract, (e) any price escalation terms in the contract, and (f) the average cost of coal procured under each contract.

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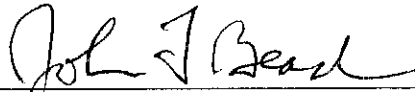
- SMI-1-7. For each month of the historical and forecast periods, provide: (a) the actual and forecast beginning and ending coal inventory in tons, (b) the cost of the coal in inventory; and (c) the method for valuing the coal in inventory.
- SMI-1-8. Provide a description of the coal cost expensing method used by the Company for purposes of this annual review; e.g., first-in/first-out, last-in/last-out, or some other method with a complete explanation of how the method is applied. Has this method changed since the last Annual Review of SCE&G's Base Rates for Fuel Costs? If so, explain in detail.
- SMI-1-9. Describe the actions taken by SCE&G to mitigate the impact of restricted rail service during the historic period (March 2004 through January 2005).
- SMI-1-10. Referring to the testimony of Mr. Gerhard Haimberger, page 5, lines 14 – 17, describe the status of each of the "long-term contracts with 11 suppliers" including:
- a. The name of the supplier;
 - b. The start and end dates of the contract;
 - c. The contract status (i.e., is it signed or being negotiated?);
 - d. For contracts that are being negotiated, the status of the negotiations and the anticipated completion date;
 - e. For the forecast period, the per unit coal cost per the contract;
 - f. The "minimum" and "maximum" coal volumes per the contract;
 - g. The amount of coal anticipated to be delivered under this contract.
- SMI-1-11. Provide the following information for all existing coal contracts that have supplied, or will supply, coal during the historical or forecast period:
- a. The name of the supplier;
 - b. The start and end dates of the contract;
 - c. The contract status (i.e., is it signed or being negotiated?);
 - d. For the forecast period, the per unit coal cost per the contract;
 - e. The "minimum" and "maximum" coal volumes per the contract;
 - f. The amount of coal anticipated to be delivered under this contract.
- SMI-1-12. Describe all planned scheduled maintenance outages at fossil units during the forecast period.
- SMI-1-13. For each fossil unit, provide the availability factor, capacity factor, forced outage rate and heat rate that: (a) were experienced during each month from January 2004 – January 2005, and (b) were included during each month of the forecast period of February 2005 – April 2006. Explain any significant differences between the assumed values during the forecast period and the actual values during the historical period.

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- SMI-1-14. Describe any scheduled refueling or other planned or unplanned outages of the VC Summer nuclear plant during the January 2004 – January 2005 historical period and the February 2005 – April 2006 forecast period.
- SMI-1-15. For the VC Summer nuclear plant, provide the monthly capacity factor, forced outage rate and heat rate: (a) experienced during the January 2004 – January 2005 historical period, and (b) assumed during the February 2005 – April 2006 forecast period. Explain any significant differences between the assumed values during the forecast period and the actual values during the historical period.
- SMI-1-16. For each month in the actual and forecast periods shown in Exhibits JRH-1 and 2, provide the following:
- a. The MWH generation experienced, or expected, by fuel type and in total for each generating unit,
 - b. The cost of fuel consumed, or expected to be consumed, by type and in total for each generating unit,
 - c. The average heat rate by fuel type, and in total, for each generating unit,
 - d. The actual and forecast MWH energy purchases,
 - e. The actual and forecast cost of energy purchases,
 - f. The actual and forecast MWH of off-system sales,
 - g. The actual and forecast cost of off-system sales, and
 - h. The actual and forecast revenue from off-system sales.

Respectfully submitted,

Damon E. Xenopoulos, Esq.
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson Street, N.W.
Eighth Floor -- West Tower
Washington, D.C. 20007



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1501 Main Street, 5th Floor
Columbia, SC 29201

March 8, 2005
Columbia, S.C.

**BEFORE THE
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION**

In the Matter of:

South Carolina Electric & Gas Company
Annual Review of Base Rates for Fuel Costs

Docket No. 2005-2-E

This is to certify that I have caused to be served this day, one (1) copy of
**SMI'S FIRST SET OF DATA REQUESTS TO SOUTH CAROLINA ELECTRIC
& GAS**, via electronic mail service and by first-class mail service as follows unless
otherwise noted:

VIA HAND-DELIVERY

Catherine Taylor, Esquire
SCANA Corporation
Legal Department MC130
1426 Main St.
Columbia SC 29201

VIA HAND-DELIVERY

Mitchell Willoughby, Esquire
Willoughby & Hoefer, PA
Post Office Box 8416
1022 Calhoun St., Suite 302
Columbia, SC, 29202

South Carolina Energy Users Committee

Scott A. Elliott, Esq.
Elliott & Elliott
721 Olive St.
Columbia SC 29205

Office of Regulatory Staff
Legal Department
PO Box 11263
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Carol Roof

Columbia, South Carolina
March 8, 2005